

**Final Terms dated 18 April 2011**

**International Bank for Reconstruction and Development**

Issue of ZMK 100,000,000,000 8.50 per cent. USD/ZMK FX Linked Notes due 11 April 2014  
payable in United States Dollars

under the

**Global Debt Issuance Facility**

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) set forth in the Prospectus dated May 28, 2008. This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with such Prospectus.

**SUMMARY OF THE NOTES**

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|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Issuer:                                            | International Bank for Reconstruction and Development (“ <b>IBRD</b> ”)                                                                    |
| 2. (i) Series Number:                                 | 10603                                                                                                                                      |
| (ii) Tranche Number:                                  | 1                                                                                                                                          |
| 3. Specified Currency or Currencies (Condition 1(d)): | Zambian Kwacha (“ <b>ZMK</b> ”) provided that all payments in respect of the Notes will be made in United States Dollars (“ <b>USD</b> ”). |
| 4. Aggregate Nominal Amount:                          |                                                                                                                                            |
| (i) Series:                                           | ZMK 100,000,000,000                                                                                                                        |
| (ii) Tranche:                                         | ZMK 100,000,000,000                                                                                                                        |
| 5. (i) Issue Price:                                   | 100.815 per cent. of the Aggregate Nominal Amount.                                                                                         |
| (ii) Net Proceeds                                     | USD 21,247,863.25 (equivalent to ZMK 99,440,000,000 converted into USD at the initial exchange rate of ZMK 4,680 per USD 1.00)             |
| 6. Specified Denominations (Condition 1(b)):          | ZMK 1,000,000                                                                                                                              |
| 7. Issue Date:                                        | 20 April 2011                                                                                                                              |
| 8. Maturity Date (Condition 6(a)):                    | 11 April 2014 (the “ <b>Scheduled Maturity Date</b> ”) as may be postponed subject to the Disruption Provisions set out in Terms 19 and 20 |
| 9. Interest Basis (Condition 5):                      | 8.50 per cent. Fixed Rate<br>(further particulars specified below in Term 16)                                                              |
| 10. Redemption/Payment Basis (Condition 6):           | USD/ZMK FX Linked Redemption as set out in Term 17                                                                                         |
| 11. Change of Interest or Redemption/Payment Basis:   | Not Applicable                                                                                                                             |
| 12. Call/Put Options (Condition 6):                   | Not Applicable                                                                                                                             |
| 13. Status of the Notes (Condition 3):                | Unsecured and unsubordinated                                                                                                               |
| 14. Listing:                                          | Luxembourg Stock Exchange                                                                                                                  |
| 15. Method of distribution:                           | Non-syndicated                                                                                                                             |

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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|---------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 16. Fixed Rate Note Provisions (Condition 5(a)):                                      | Applicable                                                                                                                                                                                                                                                               |
| (i) Rate of Interest:                                                                 | 8.50 per cent. per annum payable annually in arrear                                                                                                                                                                                                                      |
| (ii) Interest Payment Dates:                                                          | 11 April 2012, 11 April 2013 and 11 April 2014 (each such date a “ <b>Scheduled Interest Payment Date</b> ”), subject to postponement as provided in Terms 19 and 20, with no additional interest amount or other amount payable in relation to such postponement.       |
| (iii) Fixed Coupon Amount:                                                            | ZMK 85,000 per Specified Denomination to be paid on the Scheduled Interest Payment Dates in USD, and calculated by the Calculation Agent as follows:<br><br>ZMK 85,000 <i>divided by</i> USD/ZMK Exchange Rate (as defined below in Term 20).                            |
| (iv) Initial Broken Amount:                                                           | ZMK 82,909.84 per Specified Denomination to be paid on the Scheduled Interest Payment Date falling in April 2012 in USD, and calculated by the Calculation Agent as follows:<br><br>ZMK 82,909.84 <i>divided by</i> USD/ZMK Exchange Rate (as defined below in Term 20). |
| (v) Day Count Fraction:                                                               | Actual/Actual (ICMA)                                                                                                                                                                                                                                                     |
| (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: | See Term 19 (Disruption Provisions) and Term 20 (Additional Definitions) below.                                                                                                                                                                                          |

## PROVISIONS RELATING TO REDEMPTION

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 17. Final Redemption Amount of each Note (Condition 6):                                                                                                                                     | ZMK 1,000,000 per Specified Denomination                                                                                                                                                                                               |
| In cases where the Final Redemption Amount is Index Linked or other variable-linked:                                                                                                        |                                                                                                                                                                                                                                        |
| (i) Index/Formula/variable                                                                                                                                                                  | The Final Redemption Amount per Specified Denomination will be payable in USD and calculated by the Calculation Agent as follows:<br><br>Specified Denomination <i>divided by</i> USD/ZMK Exchange Rate (as defined below in Term 20). |
| (ii) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: | See Term 19 below                                                                                                                                                                                                                      |
| (iii) Payment Date:                                                                                                                                                                         | The Scheduled Maturity Date (as defined above in Term 8) subject to postponement in accordance with Terms 19 and 20 with no additional amounts payable in relation to such postponement.                                               |

18. Early Redemption Amount (Condition 6(c)):

The Final Redemption Amount payable in USD as determined in accordance with Term 17 above (plus accrued interest to, but excluding, the date of early redemption).

## DISRUPTION PROVISIONS AND ADDITIONAL DEFINITIONS

19. Disruption Provisions:

(a) In the event the Scheduled Rate Fixing Date (as defined below in Term 20) becomes subject to the Following Business Day Convention (as defined below in Term 20) upon the occurrence of an Unscheduled Holiday or a Disruption Event, and the Rate Fixing Date has not occurred on or before the 30<sup>th</sup> consecutive day after the Scheduled Rate Fixing Date (any such period being a “**Deferral Period**”) then:

(i) The next day after the Deferral Period that would have been a Business Day but for the Unscheduled Holiday, or the next day after the Deferral Period that is a Business Day in the event of a continuing Disruption Event, shall be deemed to be the Rate Fixing Date (the “**Postponed Rate Fixing Date**”).

(ii) The relevant Scheduled Interest Payment Date or Scheduled Maturity Date or Early Redemption Payment Date, as applicable, shall be postponed by one day for each day that the Scheduled Rate Fixing Date is postponed as set forth above.

(iii) For the avoidance of doubt, no additional interest or other additional amounts shall be payable by IBRD in the event that the relevant Scheduled Interest Payment Date or Scheduled Maturity Date or Early Redemption Payment Date, as applicable, is postponed in accordance with this Term 19.

(b) The Calculation Agent shall give notice to the Noteholders in accordance with Condition 12 and to the Paying Agent, IBRD and the Clearing Systems of:

(i) the occurrence of such postponement; and

(ii) the Postponed Rate Fixing Date;

in each case, as soon as reasonably practicable thereafter.

20. Additional Definitions

“**Business Day**” means a day (other than a Saturday or Sunday) on which the banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in Johannesburg, London, Lusaka, and New York.

“**Calculation Agent**” means J. P. Morgan Chase Bank, N.A., London.

“**Clearing Systems**” means Euroclear Bank S.A./N.V., Clearstream Banking, *société anonyme* and any successor or alternative clearing system(s) as may be appointed by

the Issuer from time to time in relation to the Notes.

**“Deferral Period”**: has the meaning given to it in Term 19 above.

**“Disruption Event”** means either or both of an Inconvertibility Event or a Market Disruption Event.

**“Early Redemption Payment Date”** means, in relation to redemption of a Note pursuant to Condition 9, the day on which the Note becomes due and payable in accordance with the terms of such Condition 9.

**“Inconvertibility Event”** means in the sole and absolute determination of the Calculation Agent any action, event or circumstance whatsoever which from a legal or practical perspective:

- (i) has the direct or indirect effect of hindering, limiting or restricting the convertibility of ZMK into USD through customary legal channels, or the transfer of ZMK from the Republic of Zambia to any other country (including, without limitation, any delay, increased costs, discriminatory rates of exchange or current or future restrictions on repatriation of ZMK into USD); and/or
- (ii) results in the unavailability of ZMK in the inter-bank foreign exchange market in accordance with normal commercial practice.

**“Market Disruption Event”** means any event, other than an Inconvertibility Event, as a result of which the Calculation Agent is unable to determine any amount falling to be determined by it in respect of the Notes, which event shall include, without limitation:

- (i) a natural or man-made disaster, armed conflict, act of terrorism, riot, labour disruption or any other circumstance beyond its control; or
- (ii) the enactment, promulgation, execution, ratification or adoption of, or any change in or amendment to, any rule, law, regulation or statute (or in the applicability or official interpretation of any rule, law, regulation or statute) or the issuance of any order or decree.

**“USD/ZMK Exchange Rate”** means the USD/ZMK currency exchange spot rate (expressed as the amount of ZMK for one USD) determined by the Calculation Agent on the basis of firm quotations, for sale of ZMK and purchase of USD (where the USD is payable outside of Zambia), provided by three Reference Market Dealers as purchaser of ZMK and seller of USD in an amount corresponding to the relevant Interest Amount, the Final Redemption Amount or the Early Redemption Amount (as the case may be) at 10:00a.m. (London time) (or such other time as the Calculation Agent shall decide in its sole and absolute discretion) on the relevant Rate Fixing Date.

The Calculation Agent shall calculate the USD/ZMK Exchange Rate to be the arithmetic mean of such quotations (rounded to the nearest one decimal point, with 0.05 per cent. being rounded up).

The Calculation Agent shall be entitled to determine the

USD/ZMK Exchange Rate, acting in good faith and in a commercially reasonable manner having taken into account relevant market practice if:

- (i) on the relevant Rate Fixing Date less than three Reference Market Dealers provide a quotation as set forth above;
- (ii) there has occurred or is subsisting a Disruption Event on the Postponed Rate Fixing Date, or
- (iii) the Postponed rate Fixing Date is an Unscheduled Holiday.

The Calculation Agent shall notify the Issuer as soon as reasonably practical that the USD/ZMK Exchange Rate is to be so determined. Copies of all quotes obtained by the Calculation Agent will be provided by the Calculation Agent to the Issuer upon request. For the avoidance of doubt, the USD/ZMK Exchange Rate may be such that the resulting USD amount is zero and in such event no USD or ZMK amount will be payable.

**“Postponed Rate Fixing Date”** has the meaning given to it in Term 19 above.

**“Rate Fixing Date”** means the day that is five (5) Business Days prior to the relevant Scheduled Interest Payment Date or Scheduled Maturity Date or Early Redemption Payment Date, as applicable (**“Scheduled Rate Fixing Date”**), provided that, in the event of an Unscheduled Holiday or there has occurred or is subsisting on such date a Disruption Event, the Scheduled Rate Fixing Date in question shall be adjusted in accordance with the Following Business Day Convention.

**“Reference Market Dealers”** means leading dealers, banks or banking corporations which deal in ZMK, selected by the Calculation Agent in its sole and absolute discretion.

**“Unscheduled Holiday”** means a day that is not a Johannesburg and Lusaka Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m. Lusaka time two Johannesburg and Lusaka Business Days prior to the Scheduled Rate Fixing Date.

**“Johannesburg and Lusaka Business Day”** means a day (other than a Saturday or Sunday) on which the banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in Lusaka and Johannesburg.

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- |                                                                                                 |                                                                               |
|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| 21. Form of Notes (Condition 1(a)):                                                             | Registered Notes<br><br>Global Registered Certificate available on Issue Date |
| 22. New Global Note:                                                                            | No                                                                            |
| 23. Financial Centre(s) or other special provisions relating to payment dates (Condition 7(h)): | Johannesburg, London, Lusaka and New York                                     |

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|-----------------------------------|----------------|
| 24. Governing law (Condition 14): | English        |
| 25. Other final terms:            | Not Applicable |

#### **DISTRIBUTION**

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|------------------------------------------------------------------------|-------------------------------------------------|
| 26. (i) If syndicated, names of Managers and underwriting commitments: | Not Applicable                                  |
| (ii) Stabilizing Manager(s) (if any):                                  | Not Applicable                                  |
| 27. If non-syndicated, name of Dealer:                                 | J.P. Morgan Securities Ltd.                     |
| 28. Total commission and concession:                                   | 1.375 per cent. of the Aggregate Nominal Amount |
| 29. Additional selling restrictions:                                   | Not Applicable                                  |

#### **OPERATIONAL INFORMATION**

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|-------------------------------------------------------------------------------|-------------------------------|
| 30. ISIN Code:                                                                | XS0618993322                  |
| 31. Common Code:                                                              | 061899332                     |
| 32. Delivery:                                                                 | Delivery against payment      |
| 33. Registrar and Transfer Agent (if any):                                    | Citibank, N.A., London Branch |
| 34. Intended to be held in a manner which would allow Eurosystem eligibility: | No                            |

#### **GENERAL INFORMATION**

IBRD's most recent Information Statement was issued on 22 September 2010.

#### **CONFLICT OF INTEREST**

JPMorgan Chase Bank, N.A., the parent company of J.P. Morgan Securities Ltd. will be Calculation Agent under the Notes and will also be IBRD's counterparty in a related swap transaction entered into by IBRD in order to hedge its obligations under the Notes. The existence of such multiple roles and responsibilities for JPMorgan Chase Bank, N.A. creates possible conflicts of interest. For example, the amounts payable by JPMorgan Chase Bank, N.A. to IBRD under the related swap transaction are expected, as of the Issue Date, to be calculated on the same basis as the amounts payable by IBRD under the Notes. As a result, the determinations made by JPMorgan Chase Bank, N.A. in its discretion as Calculation Agent for the Notes may affect the amounts payable by JPMorgan Chase Bank, N.A. under the related swap transaction, and, in making such determinations, JPMorgan Chase Bank, N.A. may have economic interests adverse to those of the Noteholders. The Noteholder understands that although IBRD will enter into the related swap transaction with JPMorgan Chase Bank, N.A. as swap counterparty in order to hedge its obligations under the Notes, IBRD's rights and obligations under the related swap transaction will be independent of its rights and obligations under the Notes, and Noteholders will have no interest in the related swap transaction or any payment to which IBRD may be entitled thereunder.

#### **LISTING APPLICATION**

These Final Terms comprise the final terms required for the admission to the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange's regulated market of the Notes described herein issued pursuant to the Global Debt Issuance Facility of International Bank for Reconstruction and Development.

**RESPONSIBILITY**

IBRD accepts responsibility for the information contained in these Final Terms.

Signed on behalf of IBRD:

By:

Name:

Title:

Duly Authorized